



# Memorandum

**TO:** COYOTE VALLEY SPECIFIC  
PLAN TASK FORCE

**FROM:** Sal Yakubu

**SUBJECT: SUMMARY OF TECHNICAL  
ADVISORY COMMITTEE  
MEETING HELD ON 5/16/06**

**DATE:** June 5, 2006

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Approved

Date

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**Technical Advisory Committee Members Present:**

Dunia Noel (LAFCO), Dawn Cameron (County Roads), Mike Griffis (County Roads), Mark Frederick (County Parks), Bill Shoe (County Planning), Kathy Molloy Previsich (City of Morgan Hill), Jennifer Castillo (SCVWD), Dave Higgins (SCVWD), Craige Edgerton (SVLC), Libby Lucas (CA Native Plant Society), Trixie Johnson (FROG), Brian Schmidt (Committee for Green Foothills), and Shanna Boigon (SCCAOR).

**City and Other Public Agency Staff Present:**

Vera Todorov (Attorney's Office), Sal Yakubu (PBCE), Darryl Boyd (PBCE), Susan Walsh (PBCE), Mike Mena (PBCE), and Sylvia Do (PBCE).

**Consultants Present:**

Roger Shanks (Dahlin Group), Teifion Rice-Evans (Economic and Planning Systems), Jungjoo Pak (Economic and Planning Systems), and Eileen Goodwin (Apex Strategies).

**1. Welcome and Introductions**

Eileen Goodwin, with Apex Strategies, welcomed everyone to the Coyote Valley Specific Plan (CVSP) Technical Advisory Committee (TAC) meeting. The meeting began with introductions around the room.

Eileen reviewed the meeting agenda. The purpose of the meeting was to discuss the draft CVSP Fiscal Impact Analysis and CVSP agricultural conversion and mitigation.

## **2. CVSP Update**

Susan Walsh, with the Planning, Building and Code Enforcement (PBCE) Department, indicated that the TAC has been on a short break to allow staff and the consultants to finish the text of the CVSP, which is expected to be available in the summer. In the interim the Task Force has been reviewing the Fiscal Impact Analysis and will be discussing the Draft Affordable Housing Strategy at their next meeting on May 22, 2006. Staff has been working on finalizing the Draft Affordable Housing Strategy, the Health Care Strategy and working with the Morgan Hill Unified School District. The Draft EIR is still under preparation and is expected to be circulated for public review in the fall. Since we last met the City Council has appointed Melissa Hippard, with the Sierra Club, to replace Terry Watt on the Task Force.

Susan provided a brief background and overview of the CVSP. She reviewed the CVSP outreach and participation process. There have been 44 Task Force meetings and 24 TAC meetings to date. Susan also described the environmental footprint, blue infrastructure, green infrastructure, transportation system, and the overall conceptual land use plan. Upcoming City Council study sessions include discussions regarding the draft CVSP document and draft form-based zoning. The draft Environmental Impact Report (DEIR) will be available for public review in Fall 2006.

The TAC members did not have any questions or comments regarding the CVSP overview.

## **3. CVSP Agricultural Conversion and Mitigation**

Mike Mena, Planner II with the Department of Planning, Building and Code Enforcement (PBCE), presented the agricultural land conversion strategy. He explained the potential agricultural land conversion in San Jose, Santa Clara County's General Plan land use designations for agriculture and open space in South County, and the City's General Plan natural resources goals and policies. Mike explained the City's responsibilities per CEQA and reviewed CEQA's definition of agricultural land. He described the role of the Local Agency Formation Commission (LAFCO) and their comments for the CVSP Notice of Preparation (NOP).

Mike reviewed the California Land Evaluation and Site Assessment (LESA) model and the potential agricultural conversion policy options. Next steps include developing a mitigation program for converted agricultural land(s) by meeting with stakeholders, identifying appropriate mitigation, identifying implementation techniques, and identifying a process for on-going management and monitoring program(s). The TAC discussion will focus on: (1) identifying types of projects to mitigate for; (2) identifying appropriate mitigation areas; (3) determining an appropriate amount of mitigation; (4) identifying possible land acquisition mechanisms; and (5) listing program administration procedures and on-going administration funding.

The TAC provided the following questions and comments. (Please note that comments are shown first, followed by responses in italics):

- a) Identify types of projects to mitigate for
  - Will mitigation only be required for projects north of Palm Avenue? Will mitigation be required for agricultural conversion in the Greenbelt (i.e., the Greenbelt sports field)?
- b) Identify appropriate mitigation areas
  - How does the City's potential agricultural land rate based on the LESA model? *Mike indicated that the potential agricultural land rated above 60 points.*
  - How would the County's agricultural land rate based on the LESA model?
  - Suggested looking at the soil near the Norman Y. Mineta San Jose International Airport approach zone, particularly at the Guadalupe Garden.
  - Focusing mitigation in Santa Clara County should be a priority.
  - Does not see a problem with mitigating land outside of Santa Clara County.
  - Confused about doing mitigation in South County where areas are already preserved as agricultural land.
  - It is cheaper to mitigate in the Greenbelt. Development rights can stay with Greenbelt properties. Having a home on the property is still possible.
  - It would be difficult for a third party entity to mitigate areas other than the Greenbelt. These properties may not have development rights.
  - What determines if mitigation in the Greenbelt fails? Need a "Plan B" if Greenbelt preservation does not work. Need to reaffirm to Greenbelt property owners that urban development would not be permitted in the Greenbelt even after 10 years after development north of Palm Avenue begins.
  - Greenbelt property owners have indicated that soil in South Coyote Valley is not suitable for agricultural uses. Need to create something similar to San Martin's Cordevalle because it is a win-win situation for everyone.
  - If the Greenbelt becomes estate homes and no longer has agricultural uses, would the county be required to mitigate for agricultural land conversion? *No.*
- c) Determine the appropriate amount of mitigation
  - Mitigating one acre of agricultural land for every one acre of land developed (1:1 mitigation) is not equal since the land is lost forever. Should have fees in addition to 1:1 mitigation.
  - Jurisdictions that have done 1:1 mitigation wished they had done 2:1 mitigation (e.g., Brentwood and Davis). Given the effort they have put into doing mitigation. The easements acquired might have been too scattered to be effective.
  - The farther away land is located from Coyote Valley, the more acreage should be required for mitigation. Suggested creating a sliding scale. *Vera Todorov, with the City Attorney's Office, stated that the location of the mitigated land should have a nexus with the CVSP.*
  - With the \$15 million currently set aside by the CVSP for Greenbelt preservation, does not think there will be any Greenbelt property owners willing to sell their land.

- d) Identify possible land acquisition mechanisms
  - Silicon Valley Land Conservancy recently acquired land in South County.
  - Does not think the Open Space Authority is ready to acquire land for mitigation. OSA would need additional funding to hire expertise. Recommended creating a new entity to manage land acquisition.
- e) List program administration procedures and on-going administration funding
  - Need to factor in fees and costs associated with land acquisition negotiations.
- f) Other
  - LAFCOs in other counties are also developing agricultural mitigation policies. Recommended looking at Yolo County's LAFCO policies.
  - Some local agencies have developed their own version of the LESA model.

#### **4. CVSP Fiscal Impact Analysis**

Teifion Rice Evans and Jungjoo Pak, with Economic and Planning Systems, presented the CVSP draft Fiscal Impact Analysis.

Teifion clarified that the fiscal impact analysis entailed on-going operation and maintenance costs only, not capital costs. In the presentation, Teifion explained the key components of General Fund revenues and expenditures, the purpose of the fiscal impact study, the fiscal dynamics of new development, and the overall approach and methodology to the study. He also discussed the five phasing scenarios being considered by the Task Force – strict concurrency, phased concurrency, the existing General Plan triggers, placemaking, and employment jumpstart. Teifion also provided a summary of the CVSP project description and the overall approach and methodology used for the Fiscal Impact Analysis.

Jungjoo Pak presented information regarding the service delivery models and cost assumptions. The overall cost assumptions include a historical growth rate in cost and service levels at or above current Citywide averages. The cost assumptions do not assume private funding. Jungjoo discussed the service delivery assumptions for the Fire Department; Police Department; Department of Transportation; Library Department; Parks, Recreation and Neighborhood Services Department, maintenance for Coyote Valley's 53-acre focal lake; the City's general government; and other General Fund expenditures. Jungjoo also reviewed the General Fund expenditures over a 58-year Coyote Valley build-out period based on the existing General Plan triggers scenario.

Jungjoo presented information regarding the revenue assumptions. The overall assumptions include a long-term historical growth rate in residential property value, no real growth for non-residential properties, and no real growth for income or energy. The study also includes working assumptions for CVSP affordable housing, which consists of 1,000 ownership units and 4,000 tax-exempt rental units. Jungjoo discussed the revenue assumptions for property tax, sales tax,

other taxes and fees, and other General Fund revenues. She also reviewed the General Fund revenues over a 58-year Coyote Valley build-out period based on the existing General Plan triggers scenario.

Teifion provided a summary of the draft Fiscal Impact Analysis. Although a fiscal deficit is expected in the early years of Coyote Valley development, the CVSP will generate an annual fiscal surplus of \$57-68 million by build-out. Potential fiscal mitigation measures include landscape and lighting districts, other maintenance districts, Mello-Roos community facilities districts (CFDs), homeowner association fees, and developer endowments. Based on the trigger scenario, Teifion discussed the General Fund fiscal balance over time.

The TAC provided the following questions and comments:

- In regards to the “Fiscal Impact Summary Over Time (Years 1 to 30) PowerPoint presentation slide, are the net fiscal impacts cumulative (e.g. up to Year “X”) or for Year “X”? *Teifion explained that the numbers represent the net fiscal impacts for the particular year alone.*
- The trigger scenario does pretty well compared to the placemaking scenario.
- The Fiscal Impact Analysis is a good decision-making tool. It is difficult to predict beyond the first 20 years since there are so many variables.
- The Fiscal Impact Analysis has more validity for projections for the first 15 years. Recommended that the City Council take this into consideration.
- Are County services accounted for in the Fiscal Impact Analysis? *No, the study focused on fiscal impacts to the City’s General Fund.*
- Brian Schmidt discussed his e-mail handout to the TAC, dated May 11, 2006, regarding the assumption that home values increase 3 percent per year, whereas household incomes increase 1 percent per year. His Excel worksheet used 1990 U.S. Census data. The ability for households to buy a home decreases dramatically over time. Brian believes this shows that fiscal surpluses projected in the report are increasingly unrealistic over time.
- San Jose has the most expensive housing in the country. Concerned that the projected 3 percent home value growth rate was established at the peak of a business cycle. Assumptions regarding the growth in housing values are critical because property tax generates a majority of the General Fund revenue. *Teifion explained that the 3 percent increase in housing prices per year was developed by looking at various time periods. During this time, housing prices increased 3-5 percent. The Fiscal Impact Analysis uses 3 percent to be conservative. The study assumes a zero percent increase in household income to be conservative.*
- The State’s website indicated that home values in Santa Clara County decreased during the early 1990s.
- The National Association of Realtors has statistics for housing values. Housing prices have increased 3-7 percent each year. Three percent is a conservative assumption.
- For the past 5 years, home values have increased an average of 12-20 percent each year. Home values have increased 10 percent last year. There is a housing shortage.

- Recommended having a range of conservative fiscal assumptions.
- It is unreasonable to assume that home values will increase forever.
- For the trigger scenario, recommended looking at recreational and retirement communities where homes were sold because residents moved elsewhere.
- Recommended establishing a deadline for submitting Fiscal Impact Analysis comments. Also recommended establishing a deadline for revising the report based on these comments. *Sal Yakubu, principal planner with the PBCE Department, indicated that the deadline to send comments to staff is June 1, 2006.*
- When will the City Council discuss the Fiscal Impact Analysis? *This report was presented at the April 28, 2006 City Council Study Session.*

## **5. Open Forum/Other Issues**

The TAC provided the following comments:

- It will cost a lot to mitigate nitrogen deposition. *The EIR will address this issue. The CVSP \$1.5 billion preliminary infrastructure costs include a placeholder for mitigation costs.*
- Would like to see the line items and details of the placeholder figure for mitigation costs.

## **6. Adjourn**

Future TAC meetings have not been scheduled at this time. Upcoming TAC meetings may be held on the third Tuesday of the month. Staff will send out an agenda and invitation before the next TAC meeting.

The next Task Force meeting will be held on Monday, May 22, 2006.

The meeting was adjourned at 4:20 p.m.